

Controller *John Chiang*

California State Controller's Office



Spring 2013 Newsletter Unclaimed Property Program

Volume 6, Issue 1

Inside this Issue

Submitting the Holder Remit Report 1

Unclaimed Securities Remittance Reminder 3

New Universal Holder Face Sheet (UFS-1) Form 3

Property Due Diligence Letter for the 2013 Report Year 4

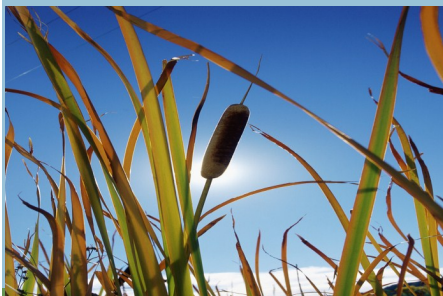
Holder Warning: Ensure You are Communicating with the Correct Property Owner 5

Interest Assessment for Holder Notice Reports 5

Unclaimed Property Division's Outreach and Compliance Team: We Are Here to Help! 6

2011/2012 Owner Reunification Efforts 7

Important Upcoming Dates 7



Submitting the Holder Remit Report

Holder Remit Report season is approaching. Here are a few tips to help you through the process.

What should the Holder Remit Report package include?

You should include:

- The Universal Holder Face Sheet (UFS-1) form;
- A list of property owners either electronically or on a Universal Detail Sheet (UDS-1);
- Remittance of funds; and,
- Signed Holder Remit Reminder Letter (14-F) form.

Important UFS-1 reminders

An original signature is required for the State Controller's Office (SCO) to accept the UFS-1. The SCO does not accept photocopies or stamps in lieu of a signature. In addition, the dollar amount in Section F, "Holder Report Totals," must equal the dollar amount on the property owner list. If the UFS-1 is not completed correctly, it may cause the report to be late and result in an interest assessment per Code of Civil Procedure (CCP) section 1577.

Please be sure to include the correct "As of" date. This date determines your report cutoff date and which properties should be reported. Check your report against the Property Reporting Cycles found at http://www.sco.ca.gov/upd_rptg.html to ensure the property reported does not exceed the upper-end of the transaction date. If the "As of" date is missing or invalid, the report will not be processed until corrected.

Reminders for correctly listing the property owners

The Holder Remit Report must contain the same property owner information as reported on the Holder Notice Report. Please remember, the UDS-1 form is acceptable only for holders reporting less than ten properties. Electronic format must be used for ten or more properties by using the free reporting software found at http://www.sco.ca.gov/upd_form_rptg.html.

You should only make changes to the property owner information if it will help to identify the rightful owner. For example, you may add a social security number or an address. Do not change the format of the property

Submitting the Holder Remit Report (continued)

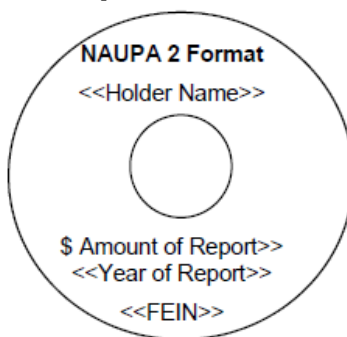
owners name by adding a period, space or comma. For owner accounts that are no longer unclaimed, you may either exclude the owner accounts from the Holder Remit Report entirely or include the owner accounts on the Holder Remit Report with an appropriate pay or deletion type code and show the property remitted amount as zero.

Do not include new names when preparing the Holder Remit Report. If new names are found, prepare a Supplemental Holder Notice Report. More information on completing a Supplemental Holder Notice Report can be found in the [Spring 2012](#) edition of our newsletter. Please remember, if new names are added to a Holder Notice Report rather than submitted on a Supplemental Holder Notice Report, the report may be subject to interest and penalties per CCP section 1577.

When sending in a CD, please label it with the following:

- Holder Name
- Dollar Amount of Report
- Year of Report
- Federal Employer Identification Number (FEIN)

Sample CD Label



Remitting property

When remitting property valued at less than \$20,000, a check payable to the “California State Controller” or an electronic funds transfer may be remitted. Per CCP section 1532, any payment of \$20,000 or greater shall be made by electronic funds transfer. To establish an electronic funds transfer account with the SCO, please complete the Authorization Agreement for Electronic Funds Transfer found at http://www.sco.ca.gov/upd_form_rptg.html.

When remitting Mutual Funds, direct registration is required for transfer of open-end mutual fund shares to the SCO’s broker. Please refer to the [Holder Handbook](#) for registration instructions and other specifications on remitting securities. All securities, with the correct Committee on Uniform Securities Identification Procedures (CUSIP) number, must be remitted with your Holder Remit Report. Failure to follow these instructions will result in delays in processing your Holder Remit Report.

Include a signed Holder Remit Reminder Letter (14-F) form

The SCO sends out a Holder Remit Report Reminder Letter (14-F) form to all holders once Holder Notice Reports and Supplemental Holder Notice Reports have been approved in the reporting system. This letter must be signed and returned with the Holder Remit Report.

If you have any additional questions, please contact the Reporting Unit at (916) 464-6284 or UCPReporting@sco.ca.gov.

Unclaimed Securities Remittance Reminder

If you hold unclaimed securities that will soon be escheated to the SCO, please remember to transfer these securities to the Controller's contracted broker—Wells Fargo Advisors. California law and regulations make it clear that securities *must be delivered* and credited to the Controller's account, held with its contracted broker, before the securities are considered successfully delivered to the SCO.

Beginning in 2013, failure to remit securities to the Controller's contracted broker may result in a holder interest penalty assessment of 12% per annum for late securities remittances. This interest penalty will be based on the securities value and will be assessed from the date the property should have been delivered to the date the securities were actually delivered and transferred to the State's contracted broker—Wells Fargo Advisors. Maintaining securities in a book account, held by a broker or mutual fund company in the Controller's name, *is not sufficient* for

the securities to be considered remitted to the State. Nontransferable security issues may be put into an account in the name of the State Controller, but *only after* the security issue has been verified by the Controller's contracted broker. Monthly/Quarterly statements for nontransferable securities held in a holding account must be mailed to the SCO.

If you need assistance transferring securities or have questions, please contact:

- Controller's Unclaimed Property Securities Management unit at **(916) 464-7123**, or
- Tim Johnson at Wells Fargo Advisors at **(916) 491-6361**.

Additionally, holder guidelines and complete instructions for remitting unclaimed securities property are available in the Holder Handbook at http://www.sco.ca.gov/Files-UPD/guide_rptg_holderhandbook.pdf.

New Universal Holder Face Sheet (UFS-1) Form

This is a reminder to use the new UFS-1 (Rev. 05/12) when completing the Holder Remit Report. The new UFS-1 form incorporates several changes that will make the report process more efficient. Please take note of the following changes:

- **Supplemental Notice Report Checkbox**
(located upper left corner of UFS-1)
Properties not included on the Holder Notice Report cannot be listed on the Holder Remit Report and must be reported on a Supplemental Holder Notice Report.
- **Report ID# for Holder Remit Report Only**
(located upper right corner of UFS-1)
- **Section E - Holder CEO/CFO**
- **Section I - Transfer Agent** (if applicable)
- **REMINDER** - If you have safekeeping items to report, please check "Yes" in Section F under "Includes Safe Deposit Box" on the UFS-1.

If you have questions regarding the new UFS-1, please contact the Reporting Unit at 916-464-6284.



Performing Due Diligence for the 2013 Report Year

It is not too late to send out due diligence letters for the 2013 report year. If you are planning to send a Holder Notice Report before November 1, 2013, due diligence must be performed by April 30, 2013. Holders are required to send due diligence notices to owners with property value of \$50 (fifty dollars) or more prior to reporting the accounts to the SCO. Below is the sample of the three-year dormancy table:

Due Diligence Must be Performed	Notice Report Due Before	Remit Report & Remittance Due
10/31/12 – 4/30/13	11/1/13	6/1/14 – 6/15/14

The complete table is found at http://www.sco.ca.gov/upd_rptg.html.

Is there a sample due diligence letter?

Yes, a sample of the due diligence letter may be found at http://www.sco.ca.gov/Files-UPD/outreach_rptg_notice_duediligencesample.pdf

What must the letter include?

- Per CCP section 1520, the face of the notice must contain a heading at the top that reads as follows: "THE STATE OF CALIFORNIA REQUIRES US TO NOTIFY YOU THAT YOUR UNCLAIMED PROPERTY MAY BE TRANSFERRED TO THE STATE IF YOU DO NOT CONTACT US," or substantially similar language.
- The notice must specify the time when the property will escheat and the effects of escheat, including the need to file a claim in order for the owner's property to be returned to the owner.
- The notice requires an exclusive heading, in boldface type or in a font a minimum of two points larger than the rest of the notice, and must include the following information:
 - Specify that since the date of last activity, or for the last two years, there has been no owner activity on the deposit, account, shares, or other interest;
 - Identify the deposit, account, shares, or other interest by number or identifier, which need not exceed four digits;
 - Indicate that the deposit, account, shares, or other interest is in danger of escheating to the State; and,
 - Specify that the California Unclaimed Property Law requires banks, banking organizations, and financial organizations to transfer funds of a deposit, account, shares, or other interest if it has been inactive for three years.
- The notice must include a form where the owner may confirm their current address. If that form is filled out, signed by the owner, and returned to the holder, it must be deemed that the account remains currently active and the escheat period starts over. In lieu of returning the form, the holder may provide a telephone number or other electronic means to enable the owner to contact the holder.

Can I charge a fee for sending due diligence letters?

Holders can charge up to \$2.00 for the cost of sending the notice on properties of \$50 or more. Holders must show the fee was assessed on both the Holder Notice Report and the Holder Remit Report. When completing the report, enter the property amount in the "Reported Amount" field and the \$2.00 mailing charge (code MC) in the "Deducted Amount" field. This will subtract the \$2.00 charge from the "Reported Amount" field that is posted to the SCO's public website.

If you have additional questions, please contact the Reporting Unit at (916) 464-6284 or UCPRproting@sco.ca.gov.

Holder Warning: Ensure You are Communicating with the Correct Property Owner

When property owners contact a holder directly, as a result of a due diligence letter sent by the holder or a pre-escheat letter sent by the SCO, the holder needs to determine if they are communicating with the rightful owner. Proper internal standards must be established to determine if you are communicating with the rightful owner before returning the property or updating the property account information. If you believe the person you are communicating with does not meet the internal standards to demonstrate ownership, it is acceptable to send the property to the SCO. Once the SCO receives the property, the property owner may file a claim form along with proof of ownership to reclaim their property from the SCO at www.claimit.ca.gov.



Interest Assessments for Holder Notice Reports



Did you receive an interest assessment in the mail? Interest billings were mailed in accordance with CCP section 1577. These billings are generated on late Holder Notice Reports and/or delinquent properties. The billings are automatically calculated through the SCO's Unclaimed Property computer system, applying interest of 12% per annum on the value of each delinquent property. Delinquent properties are determined by:

- The property dormancy period, which is determined by the property type;
- The property last transaction date; and,
- The "As of" date or fiscal year-end.

If you have any questions, please contact the 1577 Interest Assessment Unit at (916) 464-6092 or email at 1577info@sco.ca.gov.

Unclaimed Property Division's Outreach and Compliance Team: We Are Here to Help!

The goal of California's Unclaimed Property Program is to reunite owners with their lost or abandoned property. To better achieve this goal, the Unclaimed Property Division launched an Outreach and Compliance program in 2011. The Outreach and Compliance team educates business owners about the unclaimed property laws and reporting requirements for holders of unclaimed property.

For new businesses and existing holders, California's two-step process for reporting and remitting unclaimed property can be a daunting task until you learn about it. Where can you go for help if you have questions about the law? When do you report or remit properties? How do you determine the dormancy period of properties? We are pleased to inform you the Outreach and Compliance team are here to answer your questions and assist you in the reporting process.

How do I reach the Outreach and Compliance Unit (OCU) staff directly?

By phone: (916) 464-6088

By email: UPDHolderOutreach@sco.ca.gov

What other resources are available through the OCU?

Holder Handbook: This step-by-step guide through the reporting process is available on our website at http://www.sco.ca.gov/Files-UPD/guide_rptg_holderhandbook.pdf.

Holder Notices: The OCU develops holder notices to alert the holder community to important changes or new information. You may view these on the website at http://www.sco.ca.gov/upd_rptg_notice.html, or you may sign up to receive all notices sent to holders by visiting http://www.sco.ca.gov/ucp_holder_notification_email.html.

Holder Newsletters: The OCU prepares a quarterly newsletter to holders to provide timely reminders on the reporting process. You may view these newsletters on the website at http://www.sco.ca.gov/upd_rptg_outreach.html, or sign up to receive all quarterly newsletters by visiting http://www.sco.ca.gov/ucp_holder_notification_email.html.

Site Visits or Speaking Engagements: Our knowledgeable staff are available to provide educational presentations or when possible, to visit your site and provide assistance with the reporting process.

Holder Education: To view a PowerPoint presentation utilized at our educational seminars, please visit http://www.sco.ca.gov/Files-UPD/Educational_Seminar.pdf.

General Reporting Instructions and Forms: You can find links to the required forms, reporting instructions, and free reporting software at http://www.sco.ca.gov/upd_form_rptg.html.

2011/2012 Owner Reunification Efforts

In Fiscal Year 2011-2012, the SCO and holders of unclaimed property have made it possible to return 284,157 properties totaling \$207 million to California owners! Other significant efforts include:

- The SCO mailed approximately 1.06 million owner notices; and,
- 3.2 million new properties were added to the SCO website from Holder Notice Reports.



**California State Controller's Office
Unclaimed Property Division
10600 White Rock Road Suite 141
Rancho Cordova, CA 95670
www.sco.ca.gov**

Reporting Assistance: (916) 464-6284

Claims Assistance: (800) 992-4647
(outside USA): (916) 323-2827

1577 Interest Assessment Unit: (916) 464-6092
(for CA CCP §1577 inquiries)
1577info@sco.ca.gov

Outreach and Compliance Unit: (916) 464-6088
UPDcompliance@sco.ca.gov

Questions regarding securities: (916) 464-7123
UPDSecRecon@sco.ca.gov

Questions regarding EFT remittance:
UPDSCOEft@sco.ca.gov

We want your input!

Please send us your newsletter comments, ideas, or concerns to: UPDHolderOutreach@sco.ca.gov.

Important Upcoming Dates

Before May 1: Holder Notice Reports due for life insurance companies

June 1—15: Holder Remit Reports Due